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• Also admitted in North Dakota
• Also admitted in Arizona
• Also admitted in Washington
• Also admitted in Idaho

ENVIRONMENTAL
PROTECTION AGENCY

APR 2 2015

MONTANA OFFICE

March 30, 2015

RE: Butte Mine Flooding Consent Decree – MRI Future Remediation Claim Escrow Annual Report

Dear Parties:

This Annual Report is made on behalf of Montana Resources, Inc. ("MRI") to conform to the Order entered by the United States Bankruptcy Court for the Southern District of Texas, Case No. 05-21207, In re: ASARCO LLC, et al. (Debtors) on December 27, 2007. The Order approved the Partial Settlement Agreement Regarding The Silver Bow Creek/Butte Superfund Site and Butte Mine filed on December 3, 2007 ("Settlement Agreement"). By Order dated April 17, 2008 the United States District Court for the District of Montana also approved the Settlement Agreement. On December 9, 2009, MRI received a distribution on the MRI Future Remediation Claim. In January 2010, MRI established an escrow account at First Interstate Bank, 101 E. Front Street, Missoula, Montana 59802, for the sole purpose of investing and distributing proceeds of payments received on the MRI Future Remediation Claim. The escrow account has identification #7269947 ("Escrow Account").

In accord with the Settlement Agreement, MRI reports the following for the year 2014:

1. The Escrow balance at January 1, 2014 was Four Million Two Hundred Thirty Three Thousand Three Hundred Eighty Three Dollars (\$4,233,383.00).
2. Eight Hundred Seventy Eight Thousand Five Hundred Forty Six Dollars and Eighty Four Cents (\$878,546.84) was paid to Montana Resources, LLP, (the "Partnership") for the Partnership's cost of Work (as that term is defined in the Butte Mine Flooding Operable Unit

March 30, 2015

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Consent Decree which was entered on August 14, 2002) performed during the time period of October 2013 to May 2014.

3. MRI reports that the Work for which it requested and received reimbursement was diversion and treatment of Horseshoe Bend water and water fowl mitigation activities conducted pursuant to the terms of the BMFOU CD. During the time period October 2013 – May 2014 approximately 4.4 million gallons of water was diverted and treated each day at the Horseshoe Bend water treatment plant. Water diversion and treatment costs include costs to operate, maintain, and improve the water treatment plant. Lime delivered to and used at the water treatment plant is the single largest water treatment cost and represents 59% of total costs. Other significant expenses include lime freight, power and labor, which represent 7%, 8%, and 7%, respectively, of total costs.

4. Interest earned on the funds held in the Escrow Account was Five Thousand Eight Hundred Twenty Eight Dollars and Ninety Five Cents (\$5,828.95). According to the Escrow Agreement, Escrow Funds will be invested and reinvested in the Certificate of Deposit Account Registry Service (CDARS) program whose members participate in the Promontory Interfinancial Network, subject to the limitations of such program. The investments must be administered in a way that provides full FDIC insurance coverage on all of the funds. If full FDIC insurance cannot be obtained due to limitations of the program then Escrow Agent shall invest any funds that are not FDIC insured in accordance with written instructions from Montana Resources, Inc.

The return on the CDs is comparable or better compared to similar investments such as money markets, municipal bonds, or treasuries. MRI continued to invest in a mix of 3 and 6 month CDs in 2014.

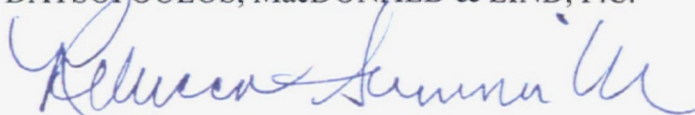
5. The 2014 Escrow Fee was paid with funds outside the Escrow Account.

6. The Escrow Account balance at December 31, 2014 was Three Million Three Hundred Sixty Thousand Six Hundred Sixty Five Dollars and Eleven Cents (\$3,360,665.11).

Please contact me if you have any questions concerning this Annual Report.

Very truly yours,

DATSOPOULOS, MacDONALD & LIND, P.C.



Rebecca L. Summerville

Datsopoulos, MacDonald & Lind, P.C.

March 30, 2015

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MAILED TO:

United States:

Chief, Environmental Enforcement Section
Environment and Natural Resources Division
U.S. Department of Justice
P.O. Box 7611
Washington, D.C. 20044-7611

Director, Montana Office
U.S. Environmental Protection Agency
Region 8 - Montana Office
10 West 15th Street, Suite 3200
Helena, MT 59624

As to the Settling Federal Agencies:

Mike Zevenbergen, Trial Attorney
Environmental Defense Section
c/o NOAA Damage Assessment
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Seattle, WA 98115

EPA:

Nikia Green, Remedial Project Manager
U.S. EPA Region 8 Montana Office
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Helena, MT 59624

D. Henry Elsen
U.S. Environmental Protection Agency
Region 8 – Montana Office
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State or DEQ:

Daryl Reed
State Project Officer
Mine Flooding CERCLA Site
Department of Environmental Quality
Remediation Division
P.O. Box 200901
Helena, MT 59620-0901

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Mary Capdeville
CERCLA Site Attorney
Mine Flooding CERCLA Site
Department of Environmental Quality
Legal Unit (Remediation)
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and

Lawrence R. Simkins, President – Montana Resources, Inc.
Rolin P. Erickson, President – Montana Resources, LLP
Stephen F. Walsh, VP Operations – Montana Resources, LLP
Mark Thompson, Project Coordinator – Montana Resources, LLP
Dennis R. Washington c/o Rebecca L. Summerville, Esq.

Elsen, Henry

From: Dawn Maack <dmaack@dmllaw.com>
Sent: Tuesday, March 31, 2015 10:07 AM
To: Elsen, Henry
Subject: Montana Resources, Inc. - Annual Escrow Report
Attachments: removed.txt; Annual Escrow Rpt - Final 3.30.15.pdf

Good morning Henry - This report went out by regular mail yesterday. My recollection is that you also like an emailed copy.

Thanks,

Dawn @ DM&L

Dawn Maack, Paralegal



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